



**RCA
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 52
AGENDA DATE: Thu 06/23/2005
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SUBJECT: Approve the negotiation and execution of a loan to Regina McCullen, d.b.a. Baby Boomers Academy, Austin, TX, in compliance with applicable federal requirements, including Code of Federal Regulations Title 24 Section 85.40 performance goals, under the Neighborhood Commercial Management Loan Program in an amount not to exceed \$59,680 for the purpose of expanding a preschool academy located at 12129 FM Road 620, Austin, Texas, subject to completion of the federal environmental assessment process.

AMOUNT & SOURCE OF FUNDING: Funding is available in the Neighborhood Housing and Community Development Department Special Revenue Fund - Section 108.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Neighborhood Housing **DIRECTOR'S**
DEPARTMENT: and Community **AUTHORIZATION:** Paul Hilgers
Development

FOR MORE INFORMATION CONTACT: Paul Hilgers, Director, Neighborhood Housing and Community Development, 974-3108.

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: N/A

MBE / WBE: N/A

This action authorizes the negotiation and execution of a subordinate loan to Regina McCullen, dba Baby Boomers Academy. This action is contingent upon an Environmental Review and Fund Release by US Department of Housing and Urban Development.

The purpose of the Neighborhood Commercial Management Loan Program (NCMP) is to assist in revitalizing blighted or depressed commercial districts by providing financial assistance to eligible small businesses within the City of Austin's city limits in exchange for job creation or retention for low and moderate income individuals. The NCMP loan approval process includes a review and analysis by NHCD staff and by a loan committee consisting of bankers, real estate professionals, and community representatives.

The terms of the proposed loan will be as follows:

Project cost approximately \$149,200.

A maximum NCMP loan of \$59,680 with a fixed interest rate of 3% for a term of five (5) years.

Commercial financing is providing a \$50,000 loan.



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\$10,000 in investor financing

The owner is providing \$30,000 in equity.

The City loan will be subordinate.

Baby Boomers Academy will add a total of thirteen (13) staff positions, or the equivalent of 7 FTE.

At least 2 will be made available to low-moderate income residents. (One [1] FTE position for every \$35,000 in NCMP loan funds)

The Staff of Neighborhood Housing and Community Development Department recommends approval of this transaction based on the financial strength of the borrowers, the strength of the owners/guarantors, the owner's commitment to this project and the positive impact on the community.

Approval of this loan is consistent with NHCD's 2000-2005 Consolidated Plan. The Consolidated Plan states specifically that NHCD will provide flexible capital in the form of gap financing to businesses in blighted or depressed commercial districts to create or retain jobs for low-moderate income residents.

Approving this loan will also further the Department's Mission: "... to provide housing, community, and small business development services to benefit eligible residents so they can have access to livable neighborhoods and increase their opportunities for self-sufficiency."